

Message Text

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ORIGIN EA-12

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CIAE-00 DODE-00 DOE-11 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07 SP-02
SS-15 STR-06 TRSE-00 ACDA-12 HEW-04 /119 R

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FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA PRIORITY

C O N F I D E N T I A L STATE 019607

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJECT: CONGRESSIONAL INQUIRY ON CHANNEL CARBON BLACK

REF: (A) JAKARTA 1039; (B) JAKARTA 17397 (77)

1. UPON RECEIPT OF REF A DEPT CONTACTED U.S. COMPANY WHICH HAS BEEN THE MAJOR OR POSSIBLY THE SOLE RECENT IMPORTER OF CHANNEL CARBON BLACK FROM INDONESIA. THE FIRM, PINOL MFR OF CAMDEN, NJ, STATES THAT IT IS STILL ACTIVE ON BEHALF OF A NUMBER OF USERS IN THE FOOD AND DRUG, FILM AND TUNGSTEN CARBIDE INDUSTRY, AND EMPHATICALLY STATES THAT IT WISHES TO CONTINUE BUYING FROM INDONESIA. PINOL HAS BEEN IN TOUCH WITH THE U.S. OFFICE OF ITEC WHICH HAS BEEN THE CHANNEL THROUGH WHICH INDONESIAN PRODUCT HAS BEEN IMPORTED. AS EMBASSY MAY BE AWARE THE ARRANGEMENT TO IMPORT THROUGH ITEC WAS FACILITATED BY EMBOFF MARK JOHNSON IN 1976
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FOLLOWING AN EARLIER SUPPLY CRISIS (AND CONGRESSIONAL INQUIRY) WHEN PERTAMINA REPORTEDLY DID NOT RESPOND TO DIRECT COMMUNICATIONS FROM U.S. IMPORTERS.

2. IN RECENT DISCUSSION WITH ITEC, PINOL WAS TOLD THAT ADDITIONAL PERTAMINA SUPPLIES WOULD BE AVAILABLE NOW AT A PRICE OF 59 CENTS PER POUND FOB INDONESIA IN CONTRAST TO

AN EARLIER PRICE OF EIGHTEEN AND A HALF CENTS. PINOL

OBVIOUSLY WAS UNHAPPY WITH RAPID PRICE ESCALATION, FEELING IT BEING TAKEN ADVANTAGE OF BY PERTAMINA AND/OR ITEC. HOWEVER, ITS COMMUNICATIONS WITH ITEC STILL OPEN AS THEY HAVE INQUIRED ABOUT VOLUMES AVAILABLE. DEPT INFORMED PINOL THAT PERTAMINA APPARENTLY NOT AWARE OF ITS DISCUSSIONS WITH ITEC, AND PINOL INDICATED IT WILL NOW SEND A CABLE DIRECTLY TO GENERAL SUDARMO AT PERTAMINA, AS RECOMMENDED EARLIER.

3. IN VIEW OF CONTINUED STRONG INTEREST BY CONSUMERS AND IMPORTER, EMBASSY IS REQUESTED TO CONTACT PERTAMINA AND URGE THAT EARLIER OFFER BE KEPT OPEN. EMBASSY IS AWARE OF CONTINUING STRONG CONGRESSIONAL INTEREST AND DEPT WAS INFORMED OF THE POSSIBILITY OF A DEMARCHE ON WASHINGTON BY THE DISAPPOINTED USERS OF CHANNEL CARBON BLACK. IN DISCUSSIONS WITH PERTAMINA, YOU MAY WISH TO MENTION UNFAVORABLE IMPACT HERE OF WHAT APPEARS TO BE AN UNDULY HURRIED WITHDRAWAL OF A FORTHCOMING OFFER. MATTER WILL ALSO BE DISCUSSED WITH GEORGE BENSON HERE. VANCE

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